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Message Text

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13
ACTION AF-08

INFO OCT-01 ISO-00 AID-05 EB-07 COME-00 TRSE-00 OMB-01

XMB-02 FEA-01 CIAE-00 INR-07 NSAE-00 /032 W
---------- 044770
P 211600Z APR 76
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC PRIORITY 2174

C O N F I D E N T I A L ACCRA 2967

FOR AF/W - MCGUIRE

E.O. 11652: G
TAGS: EALR, EIND, EINV, ENRG, GH
SUBJ: VRA AND VALCO - STATUS REPORT

REFS: (A) ACCRA 1752 (B) ACCRA 1916 (C) STATE 064574

1. VALCO HAS MADE NEW OFFER TO VRA, WHICH INCLUDES SOME RETROACTIVE PAYMENTS AND CALLS FOR INCREASE OF ABOUT DOLS 50 MILLION DURING THE 1973-81 PERIOD, BRINGING TOTAL PROJECTED PAYMENTS OVER THAT PERIOD TO ABOUT DOLS 131 MILLION. OFFER IS VERY COMPLEX, AND CALLS FOR CHANGES, INTER ALIA, IN BASE FOR TOLLING CHARGE. EFFECT TO GHANA OF DOLS 50 MILLION INCREASE WILL BE ONLY ABOUT DOLS 10 MILLION, AFTER NETTING OUT GHANAIAN TAXES AND COTRIBUTIONS TO VALCO FUND, WHICH OF COURSE AFFECTED BY VALCO PROFEFITABILITY.

2. OFFER HAS JUST BEEN MADE, AND RECEIVED SYMPTHETICALLY BY VRA'S QUARTEY. MINFIN'S FORDWOR IS AWAY AND THUS NO REACTION YET FOM HIM.

3. FORDWOR HAD BEEN THE HARD LINER IN NEGOTIATIONS THUS FAR, WHICH UNTIL ABOVE OFFER WERE QUITE STICKY. FORDWOR APPARENTLY WANTS A "MAJOR VICTORY" BEFORE HE STEPS DOWN AS SPECIAL ASSISTANT TO COMMISSIONER FOR FINANCE, WHICH HE EXPECTED TO DO WHETHER OR NOT HE IS ELECTED TO PRESIDENCY OF AFRICAN DEVELOPMENT BANK IN MAY. HOWEVER, VALCO BELIEVES HE MAY BE AMENABLE TO LATEST PROPOSAL.

4. ONE OF SEVERAL REASON WHY GOG HAS TAKEN RELATIVELY HARD
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POSITION WITH VALCO IS UNDOUBTEDLY GHANAIAN UNHAPPINESS WITH KAISER

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BECAUSE ENTIRE KIBI BAUXITE/ALUMINA PROJECT CURRENTLY ON FAR-BACK BURNER. THIS IN ADDITION TO LONG-STANDING DISAPPROITMENT THAT KAISER UNWILLING TO ADD ROLLING MILL TO VALCO ALUMINUM SMELTER.

5. VRA AND PRESUMABLY FORDWOR MEETING IN EUOPE WEEK OF MAY 10 WITH PRINCIPAL LENDERS FOR KPONG DAM PROJECT. VALCO HAS BEEN ASKED TO MEET WITH GHANAIAN TEAM IN LONDN IMMEDIATELY FOLLOWING, PRESUMABLY TO SET SEAL ON POWER RATE.

6. FOREGOING LARGELY FROM VALCO SOURCES. PLEASE PROTECT CAREFULLY.
BLACK

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